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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK
WHITE PLAINS DIVISION

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In re : CHAPTER 11
RICHARDS CONDITIONING CORP., : CASE NO.: 09-22525 (RDD)
Debtor. :
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**STIPULATION AND ORDER (I) APPROVING PAYMENTS TO PRE-PETITION
CLAIMANTS BY JOINT CHECK PURSUANT TO NY LIEN LAW AND SECTIONS
105, 362 AND 541 OF THE UNITED STATES BANKRUPTCY CODE; (II)
AUTHORIZING PAYMENT TO SECURED CREDITOR EXPO CREDIT CORP.;
(III) AUTHORIZING LIRO PROGRAM AND CONSTRUCTION MANAGEMENT,
PC TO PAY CARDINAL TANK; AND (IV) GRANTING SUCH OTHER AND
FURTHER RELIEF AS MAY BE APPROPRIATE**

WHEREAS, on or about April 6, 2009 the Debtor filed a voluntary petition for relief under Chapter 11 of title 11 of the United States Code.

WHEREAS, since the filing, the Debtor has continued in the management of its business as debtor in possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

WHEREAS, no official committee of unsecured creditors or other statutory committee and no trustee or examiner has been appointed in this case.

WHEREAS, the Debtor is engaged primarily in the business of installing and

servicing heating, ventilation and air conditioning systems for residential, industrial, and commercial public and private customers in new, existing and renovated buildings. The Debtor also provides 24-hour equipment service and support to certain commercial customers.

WHEREAS, the Debtor has already or is in the process of completing contracts as a sub-contractor for LiRo Program and Construction Management, PC (“LiRo”) for renovations of Gompers High School (“Gompers”), Public School 194 (“PS 194”) and Public School 45 (“PS 45”) (collectively, the “Projects”).

WHEREAS, the Debtor and LiRo have agreed to pay suppliers and materialmen on the Projects (“Subs”) of the Debtor by joint check. The funds would not pass through the Debtor’s bank account but would be recorded on its books.

WHEREAS, the monies to be paid to the Subs by joint check do not constitute property of the Debtor’s estate.

WHEREAS, the joint check system was established to ensure that Subs were paid in a timely manner and to protect LiRo and the Debtor from mechanics lien claims.

WHEREAS, all Subs are trust fund claimants under New York Lien Law. They each provided services and material for the improvement of real property.

WHEREAS, LiRo utilizes a tank procured by the Debtor from Cardinal Tank Company (“Cardinal”) in connection with the PS 194 Project.

WHEREAS, each month, in the ordinary course of business, the Debtor remits to LiRo a bill from Cardinal, and LiRo pays the rental charges directly to Cardinal.

WHEREAS, LiRo pays the Debtor a mark up of 20% for facilitating the tank rental and maintaining the permits.

WHEREAS, the Debtor's receivables are encumbered by Expo Credit Corp. ("Expo"), a factor, which purchased certain accounts of the Debtor and further holds a duly perfected security interest in the Debtor's receivables.

WHEREAS, on or about April 10, 2009, the Debtor moved this Court for an order, inter alia, permitting it to honor joint check agreements. The Honorable Adlai S. Hardin, Jr., retired Bankruptcy Judge, directed the Debtor to follow a mechanism for approval of joint checks. Specifically, Judge Hardin instructed the Debtor to present an order to the Court authorizing payment by joint check on notice.

WHEREAS, on or about June 24, 2009, in accordance with Judge Hardin's direction, the Debtor filed and served an order on presentment, inter alia, authorizing the Debtor to endorse the joint checks to be issued by LiRo [Docket Entry 83].

WHEREAS, Sheet Metal Workers Funds of Local 38 ("Local 38") was the only interested party to interpose an objection [Docket Entry 88].

WHEREAS, on or about July 6, 2009, Local 38 withdrew its objection [Docket Entry 93].

WHEREAS, Expo, through counsel, informally expressed objections to the entry of the order and payment by LiRo to the vendors and Cardinal Tank.

WHEREAS, counsel for Expo, LiRo and the Debtor engaged in informal negotiations to resolve Expo's potential objections.

WHEREAS, the parties have agreed that the instant Stipulation would supercede the order noticed for presentment [Docket Entry 83];

NOW THEREFORE IT IS STIPULATED AND AGREED AS FOLLOWS:

1. The Debtor shall endorse the following joint checks issued by LiRo:

<u>Payee</u>	<u>Job</u>	<u>Service/Material</u>	<u>Amount</u>
Easco Boiler Corp.	Gompers	Boiler Rental	\$17,500.00
East Coast Property	Gompers	Hazardous Material Clean Up	\$5,300.00
Cardinal Tank	Gompers	Tank	\$2,800.00
JMV Associates	PS 194	Permits	\$3,500.00
Cardinal Tank	PS 194	Tanks	\$9,000.00
Expo			\$12,077.20

2. The Debtor may also endorse a joint check issued by LiRo to the following payees in the approximate amounts set forth below subject to review by the New York City School Construction Authority (the “NYSCA”) as soon as practicable after such amounts are paid to Liro by the NYSCA:

Easco Boiler Corp.	Gompers	Boiler Rental	\$3,500.00
Cardinal Tank	PS 194	Tanks	\$6,100.00
Summit Mechanical	PS 45M	Steamfitting	\$24,669.81
Expo			\$14,375.00

3. The amount proposed to be paid in the foregoing paragraphs 1 and 2 satisfies the Subs in full on their claims, some of which accrued pre-petition and, as a condition of payment, the Debtor will obtain a final release and a waiver of lien in exchange for the payment with respect

to the foregoing.

4. LiRo may continue to pay Cardinal Tank directly for use of tanks supplied by the Debtor, and to pay Expo the 20% mark up agreed upon by the parties as part of the cash collateral agreement previously entered into by Expo and the Debtor and any amendments thereto.

5. Nothing herein shall be construed as a waiver of Expo's rights to object to the payment of any other vendors by joint check and Expo reserves the all of its rights to object to all future payments which Debtor proposes to make by joint check.

6. This Stipulation may be signed in counter-parts with each counter-part constituting an original.

7. Facsimile and e-mail signatures shall have the same force and effect as original signatures.

8. The Bankruptcy Court shall retain jurisdiction to resolve any disputes which may arise under this Stipulation and Order.

Dated: White Plains, NY
July 10 , 2009

PENACHIO MALARA LLP
Counsel for the Debtor

/s/ Anne Penachio
BY: _____
Anne Penachio
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Dated: Garden City, NY
July 10, 2009

CULLEN & DYKMAN
Counsel for LiRo

/s/ Bonnie Pollack
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Dated: Garden City, NY
July 10 , 2009

REISMAN PERIEZ & REISMAN
Counsel for Expo
/s/ Joseph Capobianco

BY: _____
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Dated: New York, NY
July 13, 2009

SO ORDERED:

/s/Robert D. Drain
Hon. Robert D. Drain
United States Bankruptcy Judge

